

# Gap Inc.

Gap  
BananaRepublic  
Old Navy

## ORIGINAL

345 Spear Street  
San Francisco, CA 94105

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FEDERAL MARITIME COMMISSION

September 17, 2003

The Honorable. Steven R. Blust  
Chairman  
Federal Maritime Commission  
800 North Capitol Street, NW  
Washington, D.C. 20573

RE: Support of UPS Petition P3-03

Dear Chairman Blust;

As one of the world's largest specialty retailers with \$14.5 billion in sales, and three of the most recognizable brands – Gap, Banana Republic, and Old Navy – Gap Inc. would like to register our strong support of United Parcel Service's (UPS) petition for an exemption under Section 16 of the Shipping Act of 1984, allowing them to enter into confidential service contracts.

Like many global companies that source product from around the world, Gap Inc. relies heavily on ocean freight to deliver our goods. However, in a trend driven business such as ours, speed to market considerations are increasingly driving both our sourcing and shipping decisions. For this reason, we are looking to vertically integrated carriers to provide us with the speed and flexibility we need to react to market demands and fluctuations.

UPS is already one of our largest customs brokers, but permitting them to serve as an end-to-end supply chain provider would allow us to be more creative with our supply chain. Should UPS be able to compete on a level playing field with vessel operating common carriers (VOCC's), they would be able to negotiate better rates and help us develop system efficiencies that will not only speed delivery, but could ultimately lower costs, savings we could pass onto the consumer.

Given the global shift toward integrated logistics services, it seems only appropriate and fair to allow UPS to fully compete in the supply chain management industry. As such, I urge you to recognize the changing dynamics of the ocean transportation industry and grant UPS' petition.

Sincerely,



Joe O'Leary/Michael Corr  
Senior Vice President, Logistics Division/ Vice President, International Logistics  
& Trade Compliance  
Gap Inc.